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GINNIE MAE SUMMIT

THE POWER OF PARTNERSHIPS
SEPTEMBER 22-23, 2014 | CRYSTAL CITY, VIRGINIA



GinnieMae

Our Guaranty Matters

FHA Note Sale Program – SFSL

Breakout 10

SFLS - Overview

- Over 100,000 loans sold through HUD's Note Sale program since September 2012
- Approximately 30 different servicers have participated, with as few as 4 loans to over 10,000 loans per sale
- Sales have been held 3 times per year – goal is quarterly sales

Servicer's Role in SFLS Timeline

Pre-Sale

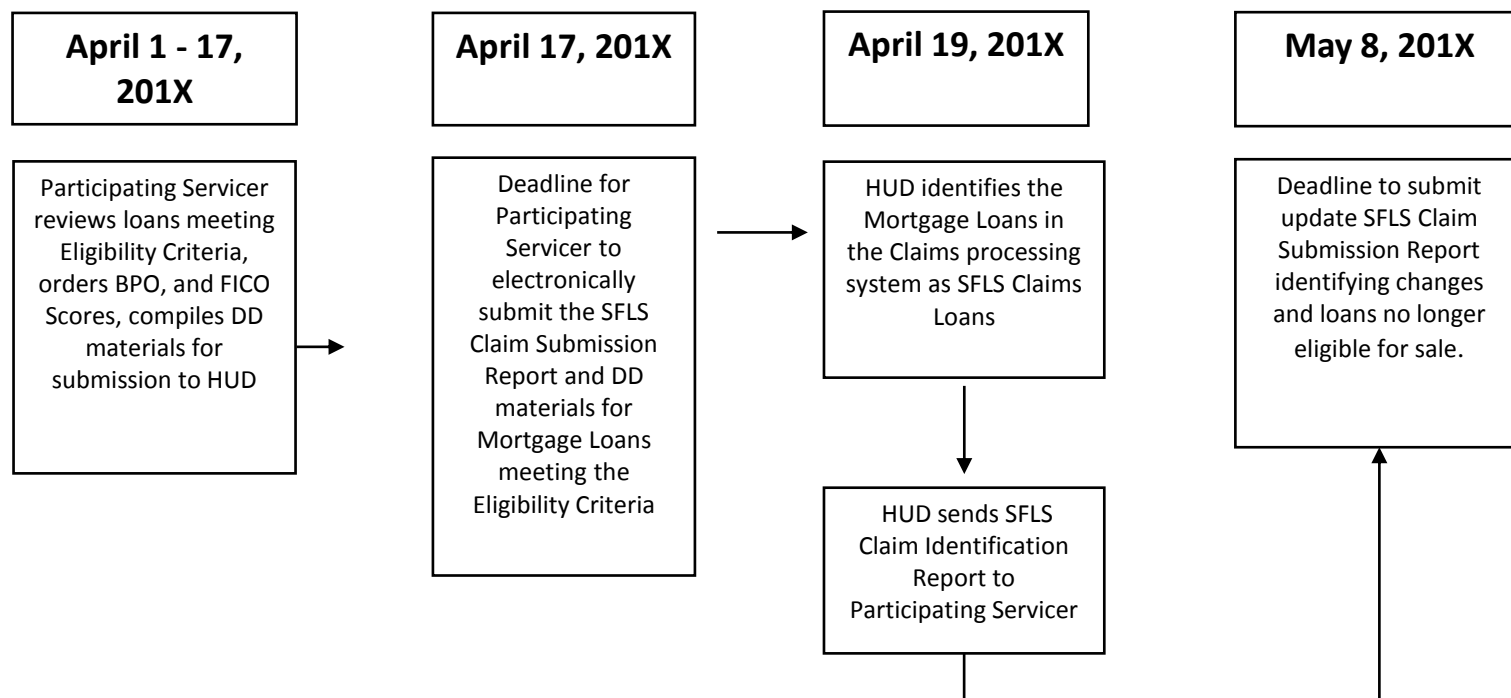
- Step 1: Execute Participating Servicer Agreement (PSA) and Interim Servicing Agreement (ISA)
- Step 2: Identify Eligible Loans
- Step 3: Prepare Due Diligence Materials

Post-Sale

- Step 4: Submit Claims
- Step 5: Post-Claim Servicing
- Step 6: Transfer Documents & Servicing
- Step 7: Post Sale Reporting

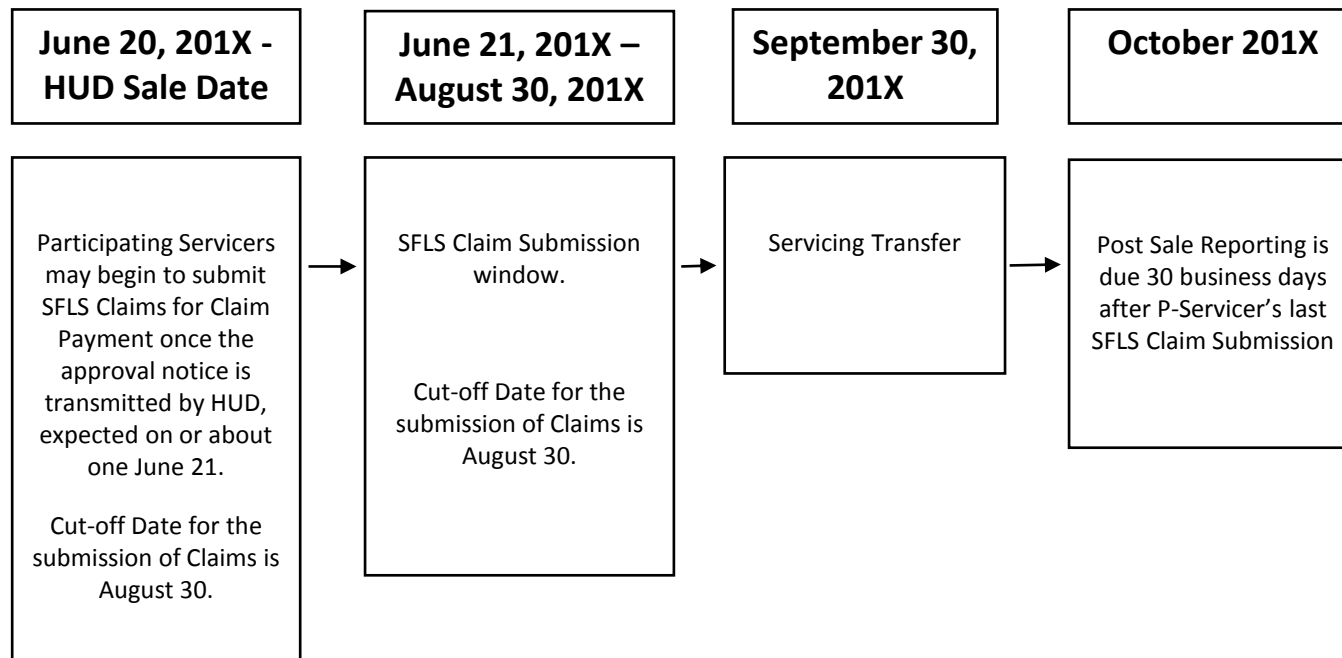
Pre-Sale Timeline

SFLS Claim Identification Process Overview – Steps 1 - 3

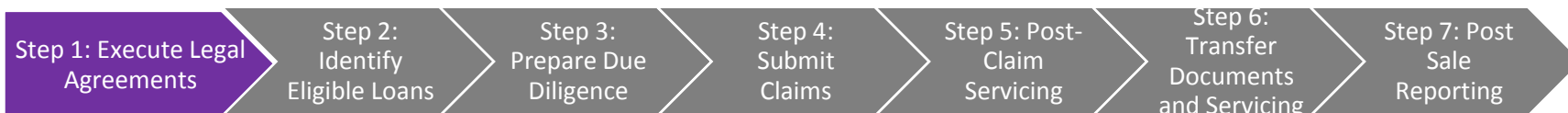


Post-Sale Timeline

Claim Submission to Servicing Transfer and Reporting – Steps 4 - 7



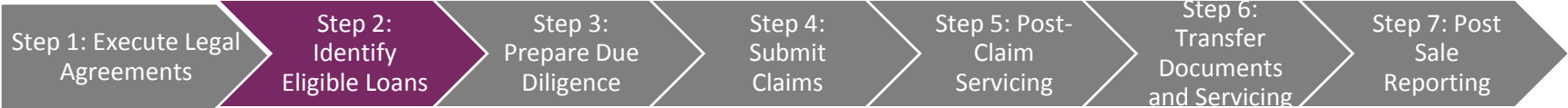
Step 1: Execute Legal Agreements



Single Family Loan Sale 2014-X - Participating Servicer Agreement (PSA)

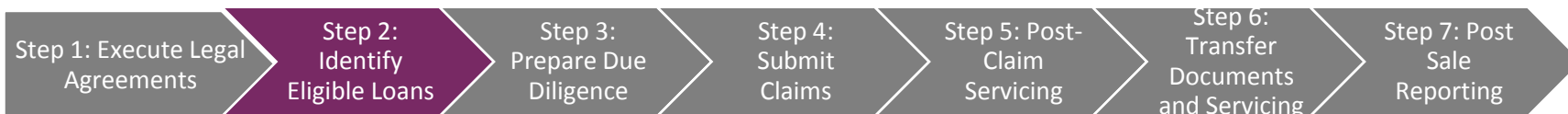
- Desk Guide
- SFLS Claim Submission Report - Self Certification Form
- SFLS Claim Submission Report File Layout
- SFLS Delivery Report
- Interim Servicing Agreement (ISA)

Step 2: Identify Eligible Loans



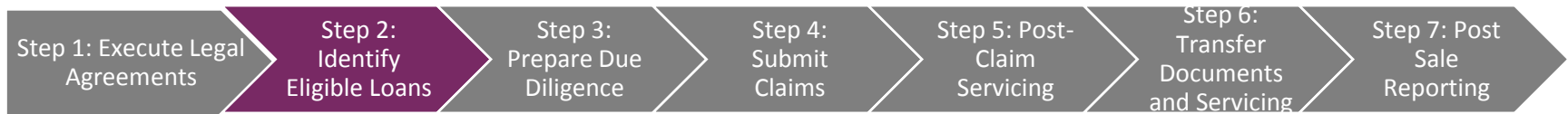
Criteria	Eligibility Requirement
Collateral Type	Single Family 1-4 Unit Dwelling
Unpaid Principal Balance	No Less Than \$20,000
Default	<ul style="list-style-type: none">• Six full payments due and unpaid, or• Vacant or abandoned and three full payments due
Loss Mitigation	With respect to the current default, the P-Servicer has evaluated all FHA Loss Mitigation Home Retention Options and Non-Retention Options in accordance regulations at 24 C.F.R. §§ 203.501 and 203.605 and all applicable FHA Handbooks and Mortgagee Letters, and has determined the Borrower to be ineligible for any Loss Mitigation or such appropriate Loss Mitigation Options have been attempted and failed

Step 2: Identify Eligible Loans



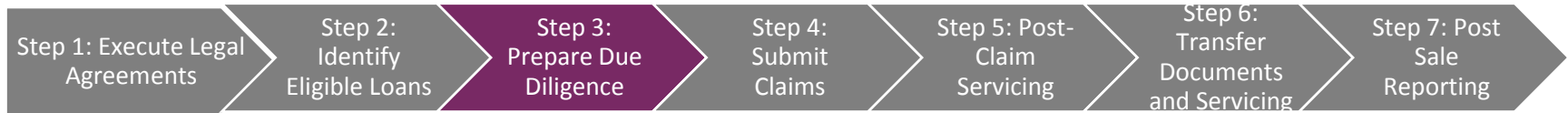
Criteria	Eligibility Requirement
Mortgage Loan	<ul style="list-style-type: none">• Not previously offered for SFLS unless non-delivery occurred as a result of:<ul style="list-style-type: none">• additional loss mitigation actions offered by Participating Servicer,• Surchargeable Damage (that has been subsequently repaired),• a bankruptcy action, or litigation (that has been subsequently resolved).• Not subject to pending litigation related either to the origination of the Mortgage Loan or the underlying Mortgaged Property securing the Mortgage Loan; and• Not subject to an Indemnification Agreement or other settlement agreement setting for specific obligations with respect to Mortgage Loan unless such obligations have been fully satisfied.

Step 2: Identify Eligible Loans



Criteria	Eligibility Requirement
Mortgaged Property	<ul style="list-style-type: none"> • Is not a condemned property, • Has not been seized by the United States Department of Justice, and is not otherwise the subject of a seizure order • Has not sustained any Surchargeable Damage.
Foreclosure	<ul style="list-style-type: none"> • No foreclosure sale has been scheduled for a date prior to August 31, 2013, • There has been no foreclosure or pre-foreclosure sale, and no deed-in-lieu of foreclosure has been accepted, • The first legal action under applicable law to commence (or institute) foreclosure, as described in Mortgagee Letter 2005-30 and related mortgagee letters, which may be amended from time to time, has been taken.
Bankruptcy	<ul style="list-style-type: none"> • If the mortgage loan is a Bankruptcy Loan with a confirmed repayment plan under Chapter 13 of the United State Bankruptcy Code, the mortgagor is not current under the terms of that plan;

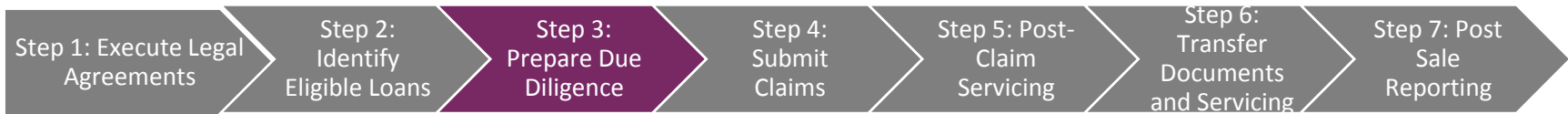
Step 3: Prepare Due Diligence



Claim Submission File - Loan List

- Includes:
 - Loan and Property Data
 - FICO Scores: Electronic data included in the ALD
 - 3 Scores: From Equifax, Experian, and TransUnion
 - BPOs: Electronic data included in the ALD & PDF file to include photographs

Step 3: Prepare Due Diligence



Payment History Files and Servicing Comment Files

- Preferred Format: Microsoft Excel (.xls, or xlsx)
- If Excel format is not possible, submit in another machine readable format such (e.g .txt or .csv, not PDF)

Images of Collateral and Mortgage Files

- Remove PII or exclude imaged pages

Due Diligence Documentation may be submitted by File Transfer Protocol (FTP) posting; or as a CD, DVD, or hard drive via overnight mail

- FTP Site: Generated for each P-Servicer as arranged with the HUD DD Contractor

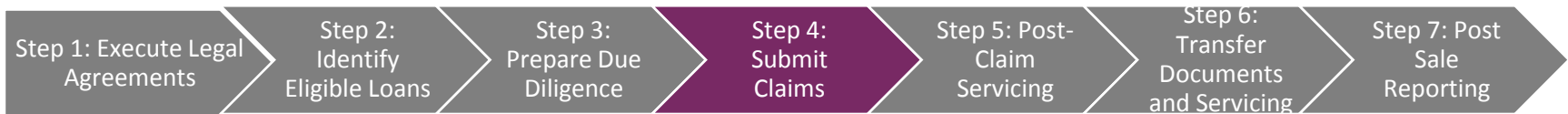
Step 4: Submit Claims



The Participating Servicer may submit a SFLS Assignment Claim immediately following a successful sale (i.e. award is made) if the following conditions are met:

- The Mortgage Loan has been given an SFLS Claim Identification Date.
- The Mortgage Loan continues to meet the loan eligibility criteria.
- Claims are submitted after notification by HUD and by no later than claim expiration date

Step 4: Submit Claims

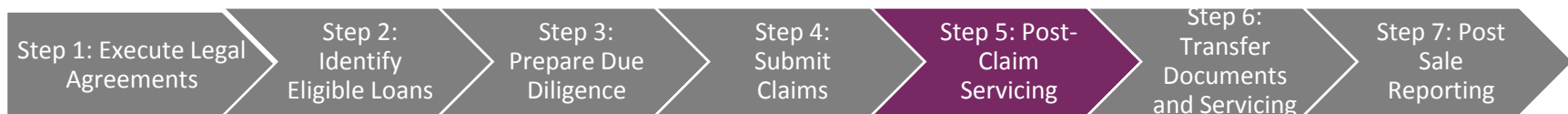


Curtailment Date Instructions are provided in Appendix 8 of the Desk Guide

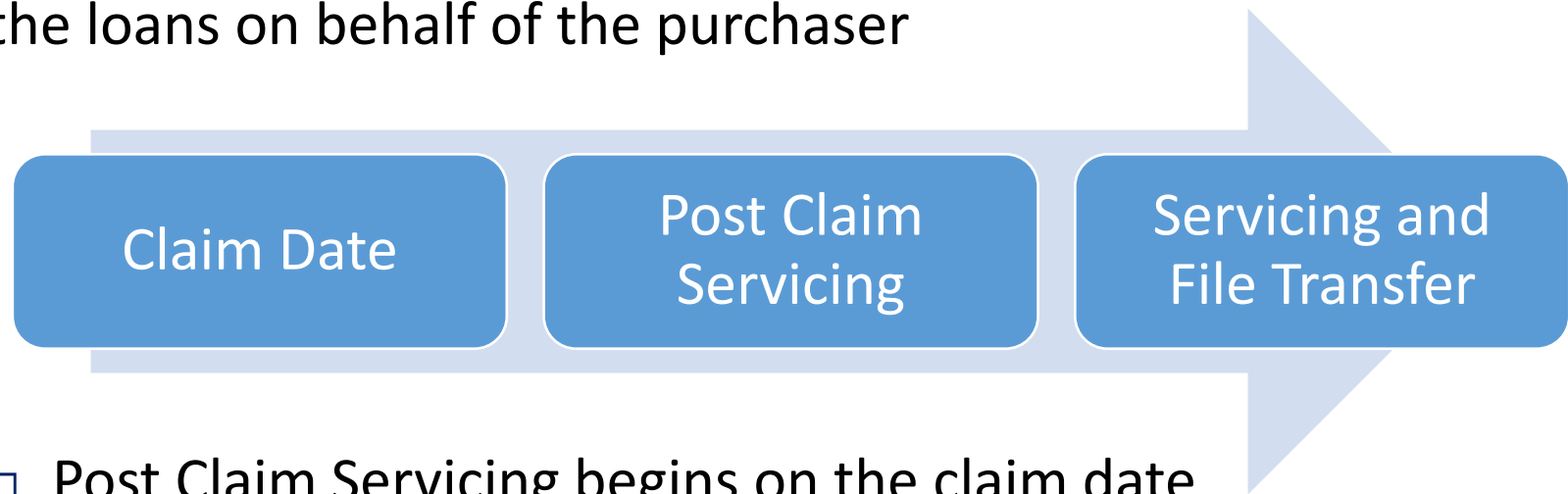
Basis for Curtailment	Associated Curtailment Rules	Extension Possible
Miss First Legal Action to Foreclose	Curtailed to six months or earlier as required due to vacancy	Yes
Fail to Report First Legal Action to Single Family Default Monitoring System (SFDMS)	Reduced by 30 days for each missed reporting cycle	No
Fail to Meet State-based Reasonable Diligence Timeframe	Number of months in the state Reasonable Diligence Time Frame after the date on which first legal was taken	Yes

- HUD Reasonable Diligence Time Frames (“Foreclosure Time Frames”) were published as Attachment 2 to Mortgagee Letter 2005-30
- For information on proper reporting of first legal action, see Mortgagee Letters 2005-30 and 1997-18

Step 5: Post-Claim Servicing

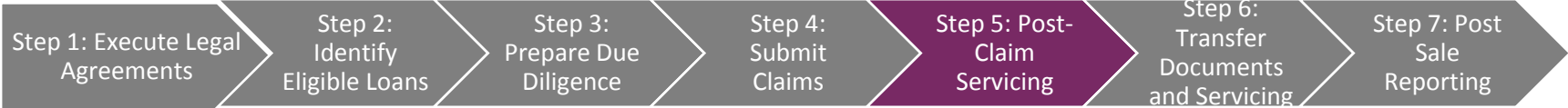


During the interim servicing period, the P-Servicer services the loans on behalf of the purchaser



- ❑ Post Claim Servicing begins on the claim date
- ❑ Servicing must be performed in accordance with the Interim Servicing Agreement (Exhibit C to the PSA)

Step 5: Post-Claim Servicing



Post Claim Servicing Fee: The Purchaser will pay a post servicing fee for loans not transferred within 45 days of the claim date

The post claim servicing fee is paid each month, in arrears, based on the Mortgage loan status detailed below

Mortgage Loan Status	Monthly Post Claim Servicing Fee
Non-performing	65 basis points (bp) divided by 12
Performing	25 bp divided by 12
REO	\$60 per REO

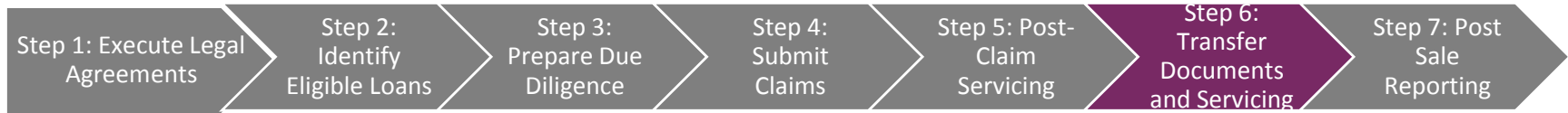
Sample Computations

Non-performing loan with an aggregate unpaid principal balance of \$10,000,000: $\$10,000,000 \times .0065 \text{ (bp)} = \$65,000 / 12 = \$5,417$

Performing loan with an aggregate unpaid principal balance of \$10,000,000: $\$10,000,000 \times .0025 \text{ (bp)} = \$25,000 / 12 = \$2,083$

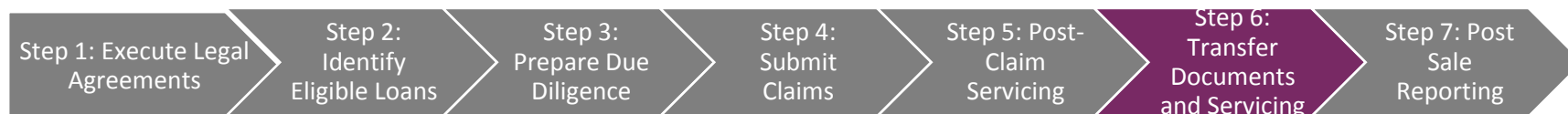
25 REO Assets: $25 \times \$60 = \$1,500$

Step 6: Transfer Documents and Servicing



- P-Servicer coordinates with the New Servicer to perform a file and servicing transfer
- Collateral files delivered to parties whom HUD shall direct within 10 days of purchaser settlement
- P-Servicer must perform a servicing system to servicing system transmittal of mortgage loan information for all mortgage loans transferred to the New Servicer

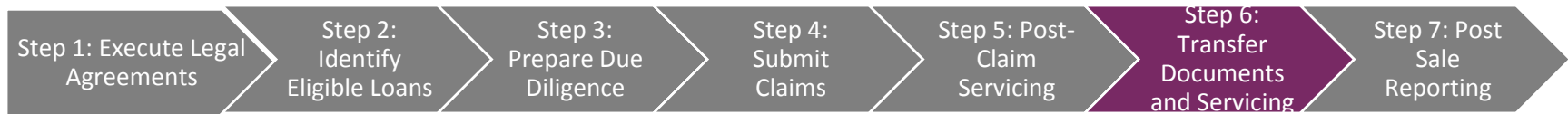
Step 6: Transfer Documents and Servicing



Hello/Goodbye Letters

- Must be prepared and sent in accordance with RESPA, TILA, and state law
- Must include the following information:
 - Specific Mortgage Loan for which servicing is being transferred.
 - Name, address and contact information, including phone number, of the Participating Servicer.
 - Name, address and contact information, including phone number, of the New Servicer.
 - Effective date of the servicing transfer.
 - Notice to the Mortgagor that FHA mortgage insurance premium may be reinstated in the event the Mortgage Loan is repurchased.

Step 6: Transfer Documents and Servicing



Assignments and Endorsements are delivered with the collateral files

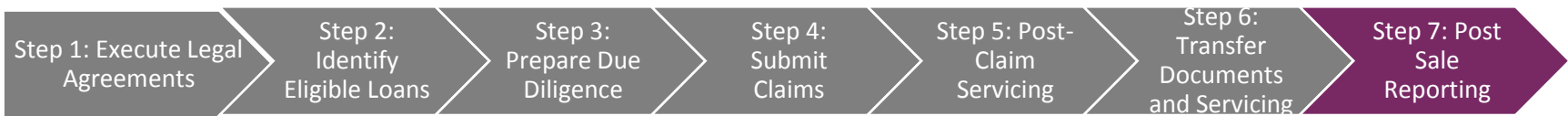
■ Note

- Each mortgage note is endorsed as of the Claim Date to HUD (on the mortgage note and not by allonge)
- If the original mortgage note is not available, the P-Servicer prepares a Lost Note Affidavit

■ Mortgage

- P-Servicer prepares an assignment to HUD
- P-Servicer prepares a second assignment to the purchaser
- Note and mortgage are sent to the purchaser
- HUD grants limited power of attorney to the purchaser to execute endorsements and assignments
- Templates include in Exhibit A to the PSA

Step 7: Post Sale Reporting



A. Loans Removed for Loss Mitigation:

FHA Case Number	Date of Contact with Borrower	Type of Loss Mitigation Offered (indicate any and all)	Forbearance Repayment Plan	Special Forbearance	Modification	FHA-HAMP	Pre-foreclosure Sale	Deed in lieu	Other (specify)

B. Loans Removed for Reasons Other than Loss Mitigation:

FHA Case Number	Reason for Removal from the Sale (including whether the reason was due to loss of eligibility after the date of the SFLS Claim Submission Report–A)

Due 30 business days after P-Servicer's last SFLS Claim Submission

Asset Sales Contact Information

- For more information or to set up a meeting about participating in the SFLS program, contact Erik Cribbs

Erik.M.Cribbs@HUD.gov

202-402-2304